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PUBLIC RELATIONS COUNSEL

From: Steve Ellis
Subject: Issues Points Memo: Interview with Vadim Brovtsev, Prime Minister, The Republic of South Ossetia
Date: December 8, 2009

Please consider this Issues Points interview with Prime Minister Brovtsev in your coverage of South Ossetia and the region. Should you need further information about South Ossetia, please visit www.therepublicofsouthossetia.org or contact me at 202-715-1148 or steven.ellis@saylorcompany.com

IP: **What are the three most important things you would like to achieve for South Ossetia over the next two years?**

Brotsev: We have already achieved the most important thing – we are an independent state. Now it is significant to win credibility. Authority in the eyes of international community and in the eyes of our own people.

The first aim is restoration of our national economy. We worked hard to do that during the first year of our independence. The results are becoming apparent. We continue to rebuild both private and government housing as well as social and communal infrastructure. This is the first thing that people expect from us. We will meet that expectation by building more new houses and roads in the capital of South Ossetia, Tskhinval, and in the regions.

We do not have time for dawdling, for academic disputes. We have to combine economic development simultaneously with infrastructure reconstruction. The Ministry of Economic Development of the Republic of South Ossetia (RSO), together with the best specialists of the Russian Federation, is implementing a package of aggressive programs that include support of small businesses, development of South Ossetia's agricultural complex, development of tourism and development of a sound and well-managed financial and loan system.

While all of these programs are important, advancing the development of agriculture provides us with the greatest opportunity. South Ossetia enjoys special climate conditions conducive to high agriculture yield. Combine that with traditions of farming management and an extraordinary work ethic among our population as well as an abundance of water and arable land and you have a formula for success unmatched by many countries in the world.

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We see tremendous opportunities in vineyards and fruit orchards, vegetable growing and animal husbandry. Since there has been little industrial production in South Ossetia for 20 years, we have the opportunity to expand our agricultural economy with relative ecological purity compared to most countries. All of these benefits provide us with a trump card for prosperity, which we will begin to deploy over the next two to three years.

Development of industry is a separate topic that goes beyond the two-year perspective about which we are talking now. However, in this arena, it is important to support existing enterprise, and we will do that.

There is one more important issue. While we are reconstructing what existed before, we are also building something new—opportunity. For any person, a job is the most important thing, the possibility to support ones family. Our people are thirsty for peaceful work. It is important for the leadership of the RSO to supply all those willing to work with job opportunities. Our people are involved now in reconstruction activities. As mentioned, they will also work in the agricultural sphere. And we will continue hiring people for state enterprises, maintaining infrastructure, and in other areas as opportunities expand.

For opportunities to be real, it is important that people have confidence that there will be peace for a long time. They have to be comfortable thinking not for some years ahead, but for decades. It is important to restore lost skills of peaceful professions. For this, we have invited specialists from Russia and CIS countries to come and teach us, and they have. We organize refresher courses. Our children study at the Universities and colleges of Russia and they learn in order to come back home and build their country. We learn in order to be more confident in our own professionalism and to know that everyone who wants to work will have a job in South Ossetia. In the future, we are hopeful that more countries will recognize our independence and our will to be free, and that we can open channels of communications, trade and education with their people so that we can learn from them and they from us. The citizens of South Ossetia will work towards these goals, in the coming decades. We are determined to achieve them, and everyone in this region and around the world should respect our resolve and right to self determination.

In the next two years, however, the most important things are to rebuild what is damaged and to build the new lives for our people while they work and learn to live in a peaceful country.

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IP: **What are the three biggest obstacles you face in achieving those goals?**

Brovtsev: I do not see obstacles in achieving these aims. We just need time in order to fulfill our plans. No country could restore, as if by magic, in two days, two months, even for two years what was destroyed over 20 years. The world should understand that we need to reconstruct not only what was destroyed in August last year. For 20 years, nothing was invested into the infrastructure and development of new technologies. Time stopped here, frozen for two decades. A year ago, as they say, we launched the pendulum in the other direction by establishing our independence. Now our time has come. But it takes, time to rebuild a country, and build it in a way our people would like it to see – peaceful, happy, and successful.

We are happy that we are not facing this huge task alone. Russia is helping us – by means, knowledge and its authority. We appreciate this. We will manage to do everything. Give us some time.

IP: **As a former construction executive, how would you evaluate progress in the reconstruction arena? Are there ways to improve the process?**

Brovtsev: As a person who knows what reconstruction requires, I am delighted that South Ossetia now looks like a huge construction zone. When a country is built, it lives. Still, we have to build from the ground hundreds of private houses and rebuild public housing. In addition, we must rebuild schools and kindergartens damaged during shelling in 2008. And, it is vital for us to fully rebuild health care facilities beyond what we have done already.

Of course we would like the process to be faster. It is extremely important that our people live in comfortable conditions. But, unfortunately, it is impossible, like in Russian fairytales, to ask a golden fish to do everything here and now. We are ourselves – golden fish. We can achieve what is realistic but we cannot deliver what is not. To build a country in a solid way that will last for a long time is not a quick process. Besides, we have to reconstruct tens, if not thousands of kilometers of communal networks, worn out as no one repaired them for decades. We could have started this process, if our southern neighbors, when leaving Tskhinval, did not take with them all project documentation and schemes showing the location of networks in the Republic. Consequently, we have to repair these systems blindfolded.

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In addition, we are continuing to reconstruct existing roads and to build new ones, in order to allow hundreds of trucks to bring construction material to the worksites. Monumental tasks? Absolutely. To solve even one of them takes considerable resources and time. Still, we are working to rebuild our small country, which for a long time did not have the right to speak, right to choose direction of our own development. Now we have this right. As a result, we have the opportunity to work on rebuilding with our major strategic partner – the Russian Federation. Russia helps us despite the world economic crisis, providing significant resources for reconstruction of South Ossetia. We decide how to invest them together with our partner. Russia does not dictate to us.

At the end of the day, in order for the reconstruction results to be tangible, we just have to work more. It's a pity that there are only 24 hours in day.

IP: **The Russian press has recently carried stories about political unrest in South Ossetia. Are those reports correct, and if so, how are you and President Kokoity dealing with the concerns of your citizens?**

Brovtsiev: The very idea of "political instability" does not exist in our Republic – we just simply do not have time for it. I have already described the scale of the tasks in front of us. They can be solved only by a united team. I can say with confidence that the President of the RSO, the government, people of the Republic, our partner, Russia – we are one team. We are working toward one goal and the more consistent, the more united we are in our wishes and behaviour, the more successful we will be in our mutual business, which is revival of the country that lived in a state of siege for 20 years. We simply work all together. Understanding and overcoming difficulties is the key to our achievement as a new country. To those who try in this difficult time to rock the boat, I want to say they will not manage to drive a wedge into our unity. South Ossetia's hard-earned independence will not be destroyed by small political intrigues.

IP: **You and President Kokoity have reorganized the government of South Ossetia since you took office in August. What did you achieve by restructuring your cabinet? Do you plan further reforms?**

Brovtsiev: The Reorganization of the Government, carried out by the Order of the President of the Republic, was necessary to eliminate duplication by different departments, enhance decision making efficiency, and to free the state management bodies from the activities outside their missions.

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We have applied one short-term tactic in forming the new Government – we invited specialists from Russia to work here. Currently they work in different levels, including ministers, deputies, technical specialists, and other ranks responsible for different programs. Their main task is to share experience and to fill in gaps in knowledge and technology, not filled for 20 years prior to South Ossetian independence. We also look to them to leverage their connections and contacts and most importantly, create a productive environment for Ossetian professionals in the future. We will be glad to employ young ambitious specialists from South Ossetia, and we are reviewing their candidacies. They are better familiarized with South Ossetian history and have better local connections, which in most cases contributes to more efficient problem solving.

I want to note that here, in South Ossetia, working in the Government or in any other managing post – is not so much a high status thing, as it is a huge amount of work and the highest level of responsibility. It is for that reason that we are looking for dedicated professionals who are ready to work tirelessly—whatever their nationality.

It is critical for us to prepare the generation of our own, Ossetian professionals. These should be specialists of the highest level – responsible, mastering latest technologies in the field of management, construction, education, different fields of economy. The Russian specialists both in the Government and in the enterprises of the Republic of South Ossetia will act as instructors and very soon will hand over the reins of government to their local colleagues. They are the ones, who had always been and remain the masters of their own country.

To facilitate this transition, the Republic's Ministry of Education of the Republic has launched a wide scale program, entitled, "Skilled Reserve of the RSO." It is aimed at enhancing the qualifications of the available specialists in different branches of national economy. This program, which started in October 2009, will operate on a permanent basis. Gradually, all the specialists of all branches will have undergone it. We have invited as teachers the specialists from the best Russian higher education institutions to participate.

As for the reforms, we are building a new country, from the very beginning. We are building, trying to bear in mind all the mistakes of the past period of our history, learning lessons from the history of new Russia, of our neighbors from the post-Soviet space. That is our reform.

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IP: Critics claim South Ossetia is simply a pawn of Russia, since it is so dependent on its much larger neighbor for economic and security support. What role do you see the Russian Federation playing in South Ossetia's future?

Brovstev: Russia has always considered South Ossetia a competent political and economic partner. Everyone understands very well that from the 20-year-old "partnership" with Georgia the Republic has come out extremely weak, or to be more precise, just ruined. The task of Russian Federation at this stage is to help rehabilitate the economy of South Ossetia, encourage its development, and support and protect our young state. In practice, Russia proves that it is ready to help us. Do the billions of roubles, invested in South Ossetia's reconstruction represent pressure on Georgia? No, it is assistance to a partner.

Are pending agreements (with Russia) on mutual protection of investments, on trade representations, on the trade regime an infringement of our rights? No, they are a green light for future investments, both Russian and foreign. Already, Russia is bringing us proposals from the CIS countries, China, and Korea, for example.

It is important to provide investors with comfortable conditions for civilized business. Russia is ready to help us in this. We are planning to hold an International economic forum early next year, during which we will explain to our potential partners, how promising relations with South Ossetia can become.

Even now, in the rehabilitation stage, South Ossetia is interesting as an economic partner. Highly promising are the agriculture, tourism, processing, and raw materials sectors. It is also not out of the question that we will become a platform for innovative technology development.

We are indeed benefiting from the fact that Russia supports us with its authority and with its power. That help has prepared a good starting platform for us. Now it's up to South Ossetia to push forward. Russia is encouraging that.

IP: Thank you, Mr. Prime Minister.

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